

**UNITED STATES DISTRICT COURT
DISTRICT OF MINNESOTA**

UNITED STATES OF AMERICA,)	Civil No. 08-5348 (ADM/JSM)
)	
Plaintiff,)	
)	
vs.)	STIPULATION FOR THE
)	APPROVAL OF THE SALE OF
THOMAS J. PETTERS, et al.,)	MAPLE GROVE PROPERTY
)	BELONGING TO JAMES C.
Defendants.)	WEHMHOFF
)	

This Stipulation is entered into on this 3rd day of December, 2009, by and among the Plaintiff United States of America ("Government"), Defendant James C. Wehmhoff through his counsel David Wallace-Jackson ("Wehmhoff"), and Douglas A. Kelley ("Receiver").

RECITALS:

WHEREAS, the Government commenced the above-entitled action in the United States District Court for the District of Minnesota against Thomas Joseph Petters and several other named defendants, for the purpose of obtaining a temporary restraining order, preliminary and permanent injunction, and other equitable relief to enjoin the alienation and disposition of property derived from the commission of fraud for the purpose of preventing a continuing and substantial injury to the Government, the State of Minnesota, and the public.

WHEREAS, Douglas A. Kelley has been appointed Receiver in the above-captioned matter.

WHEREAS, on April 4, 2006, Wehmhoff, his wife, Bonnie, his daughter, Janet Rein, his son-in-law, Joseph Rein, his son, Michael Wehmhoff, and his daughter-in-law, Jess Wehmhoff formed Intrepid Investments, LLC (“Intrepid”) which is in the business of buying distressed personal residences, updating and remodeling the residences and selling said residences. According to Intrepid’s resolutions dated January 5, 2007 the Intrepid members were to share in the profits of any sold Intrepid properties. If the properties were sold at a loss, labor for remodeling were to be reimbursed at \$45.00 per hour. On July 16, 2007 Intrepid purchased real property in Maple Grove, Minnesota (“property”) and paid \$251,277.90 for the purchase and closing costs. Intrepid made improvements to the property including installing wood floors to the main level, refurbishing the kitchen cabinets, removing and installing bathroom and shower carpet and tile, painting, landscaping, installing, and staining the staircase railing, window repair, installing bathroom vanity tops and updating appliances and fixtures. The improvement costs were paid for by Wehmhoff and totaled \$12,674.74. Joseph Rein and Michael Wehmhoff provided the labor for constructing the improvements to the property. Joseph Rein spent 56 hours on the improvements and Michael Wehmhoff spent 167 hours. A list of their hours and the work performed is attached as Exhibit 1.

WHEREAS, as an entity whose assets are held by or under the direction of Wehmhoff, Intrepid’s assets are subject to the court ordered Receivership and are assets subject to the Receiver’s powers and duties to collect, receive, take and otherwise manage.

WHEREAS, the property is located at 10052 104th Avenue North, City of Maple Grove, County of Hennepin, State of Minnesota, and is legally described as:

Lot 3, Block 8, Maple Grove First Addition, Hennepin County, Minnesota.

WHEREAS, Receiver's representatives, Thomas Salmen and Thomas Hay, of Petters Real Estate Group, interviewed three real estate agents/teams and obtained proposals for listing the Maple Grove property and a market analysis suggesting listing price ranges of the property based upon comparable properties and current market conditions. The suggested listing price for the property ranged between \$265,000 and \$289,000 with the likely sale price ranging from \$250,000 to \$270,000. Salmen and Hay recommended that the team of Cari and Jason Heibel of Edina Realty ("the Heibels") be hired to sell the property. A copy of the memorandum prepared by Salmen and Hay related to this property is attached as Exhibit 2.

WHEREAS, Receiver entered into a listing agreement with the Heibels listing the property for \$274,900. Subsequently the listing price was reduced to \$264,900 on August 19, 2009. A copy of the listing agreement and listing change form is attached as Exhibit 3.

WHEREAS, Erik Haun made an offer to purchase the property for \$257,000.00, less up to \$7,000.00 of buyer's closing, prepaid and discount point costs which results in a net offer of \$250,000, less selling fees. This offer falls within the likely sale price projected in Exhibit 2.

WHEREAS, Intrepid has requested that Joseph Rein and Michael Wehmhoff be reimbursed for the hours spent on improvements to the property. The improvements have been documented with photographs, a summary of hours (Exhibit 1), and a summary of expenses. Joseph Rein and Michael Wehmhoff have agreed to reduce their hourly rate to \$35.00 per hour and Receiver has agreed to recommend such payment. At \$35.00 per hour Joseph Rein would be paid \$1,960.00 and Michael Wehmhoff would be paid \$5,845.00.

WHEREAS, the sale is an arms-length transaction between two unrelated individuals. Buyer is not affiliated or associated in any way with Wehmhoff individually, or any other entity owned or controlled by Wehmhoff.

NOW THEREFORE, Plaintiff, Defendant, and Receiver hereby stipulate to the approval of the sale of real property located at 10052 104th Avenue North, City of Maple Grove, County of Hennepin, State of Minnesota, and legally described as:

Lot 3, Block 8, Maple Grove First Addition, Hennepin County,
Minnesota;

to Erik Haun and the payment of labor expenses to Joseph Rein in the amount of \$1,960.00 and to Michael Wehmhoff in the amount of \$5,845.00.

Date: December 3, 2009

B. TODD JONES
United States Attorney

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**ATTORNEY FOR THE UNITED STATES OF
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Date: December 3, 2009

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**ATTORNEY FOR DEFENDANT JAMES C.
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Date: December 3, 2009

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